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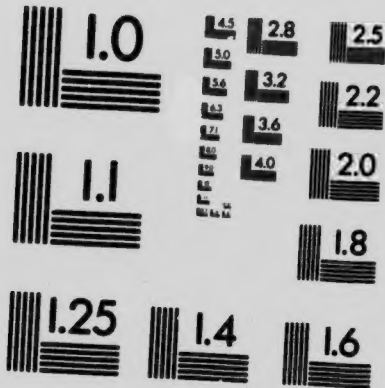
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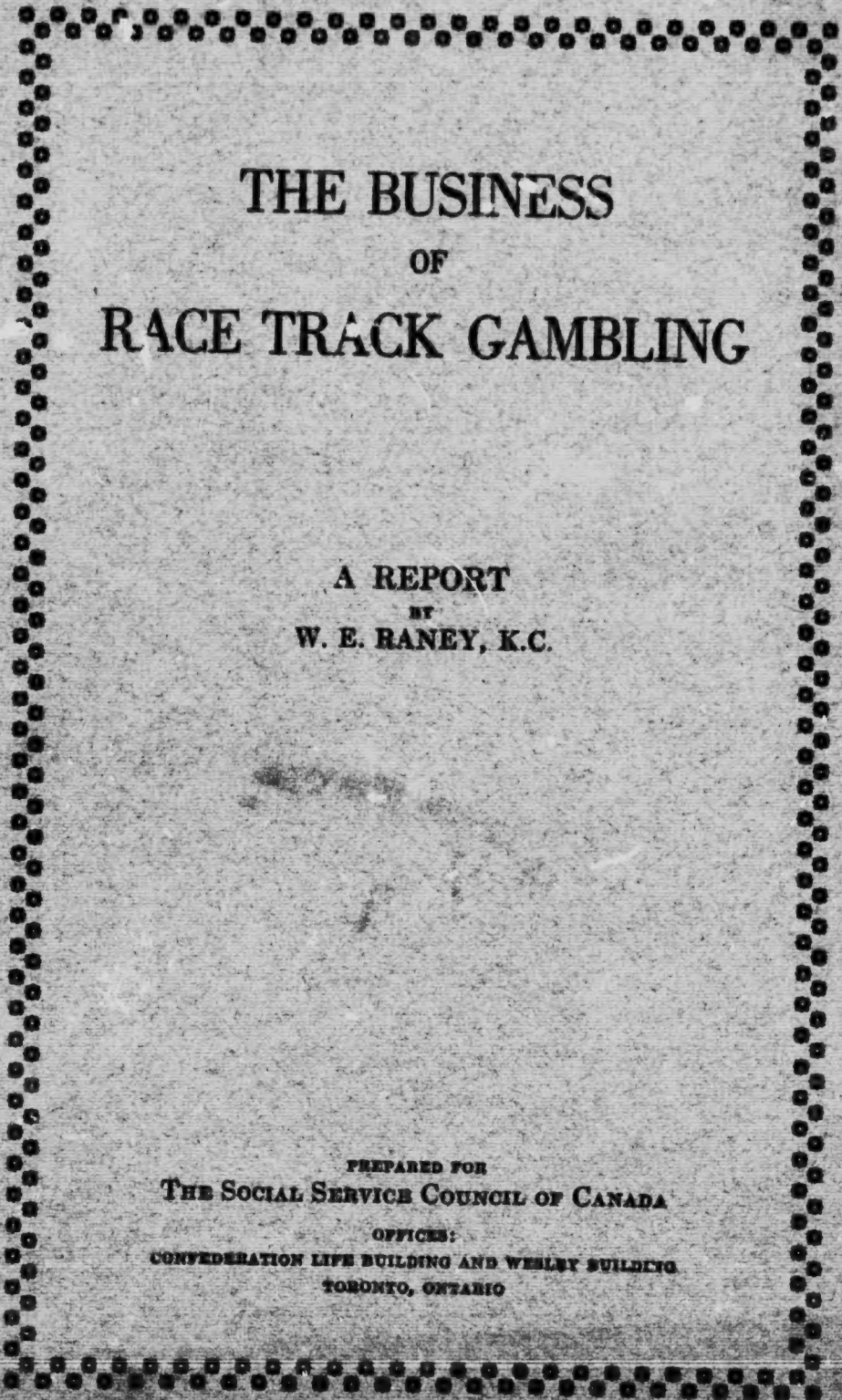
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# THE BUSINESS OF RACE TRACK GAMBLING

A REPORT  
BY  
W. E. RANEY, K.C.

PREPARED FOR  
THE SOCIAL SERVICE COUNCIL OF CANADA

OFFICES:  
CONFEDERATION LIFE BUILDING AND WESLEY BUILDING  
TORONTO, ONTARIO

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## Report on Race Track Gambling

J. E. RANEY, K.C.

Made at the request of the Executive of the  
Social Service Council of Canada

The business of race-track gambling is at this moment the most profitable business in Canada. War contracts are not to be mentioned in the same breath, and even the liquor business in its palmiest days did not begin to compare. But before going into details it will be worth while to glance at the laws of some other countries, because a comparison of these will assist to an understanding of our own position.

There is, first of all, what I will call the German system, though it is also in operation in other countries. With the German passion for regulation, the Germans have not overlooked vice, which in its various forms, including gambling, is provided for German citizens comfortably and cheaply. Lotteries are sanctioned by all the German states, and they use the incentive of the worst forms of gambling for all sorts of purposes, from repairing churches to building patriotic monuments and replenishing the state treasury. In 1911 the race-track betting machines of Berlin took in seven and a half millions of dollars, of which the state took one-sixth as a tax. In other words, the Berlin race-tracks are public institutions under state regulation and race-track gambling contributes a large revenue to the state.

The second system to which I desire to call attention I will call the American system. It originated in the United States and held sway there until a few years ago, when a sense of consistency and decency prompted nearly all the state legislatures where the system had obtained a foothold to pass laws against it.\* Driven out of the United States, the American system found a welcome in the other two

\* Only two States of the American Republic now permit race-track gambling as a business,—Maryland and Kentucky, and a bill is now pending before Congress intended to prevent the nullification of state anti-gambling laws by international and inter-state transmission of race-track information for use in the race-track pool rooms. At a hearing before the United States Senate Committee on Inter-State Commerce at Washington on the 12th of January, 1917, a letter was read from Charles J. Bonaparte of Baltimore, ex-Attorney-General of the United States. In his letter Mr. Bonaparte said:

"According to my observation, the gambling in connection with horse-racing is not only a source of great demoralization and consequent un-



North American countries, namely, Canada and Mexico. This system and its fruits are the subject of the present discussion and it will be observed, as the subject is developed, that the American (or shall I call it the Mexico-Canadian system) is showing a tendency to approximate to the German system.

The third system, and that towards which the Social Service Council of Canada is striving, is the repeal of the exception in the Criminal Code of Canada in favor of the business of betting when carried on within a race-track enclosure and during the progress of a race meeting.

I have spoken of three systems or methods of dealing with race-track gambling. There is also the British system; but that system is a matter rather of growth, depending upon social conditions unknown elsewhere, and, like so many other British institutions, would perhaps be more accurately described as want of system. I therefore pass it over as not important to the discussion.

Beyond question the race-tracks of Canada have prospered since the enactment of the Dominion legislation of 1910. Since 1910 the form of gambling known as the pari-mutuel system has displaced the form of gambling known as bookmaking on all, or nearly all, the principal race tracks of Canada. Under the pari-mutuel system there is no opportunity for manipulation and no question that the bet will be paid if it is won. It is unnecessary to go into the details of the system further than to remark that the jockey clubs are the stake-holders and take a rake-off of from seven per cent to twelve per cent. on all the money wagered. In other words the Racing Club occupies precisely the position of the keeper of a gaming house or a race-track pool room—with this important distinction, that the business of the gaming house or race-track pool room is prohibited—the

happiness, crime and misery throughout the country, but has virtually destroyed the value and utility of racing whether as a legitimate form of sport, or as a means of improving the breed of horses. Formerly horse-racing, like baseball or football or boat-racing, was a form of amusement, salutary and commendable in itself, although, like the amusement mentioned and many others, liable to abuse and attended by unfortunate incidents, of which the most serious was its tendency to promote gambling. Now-a-days, however, the gambling is practically its only attraction, and as a consequence it has very largely fallen into the hands of disreputable and immoral people who have no real interest in horses and whose sole purpose in promoting it is to levy a tribute on the thoughtless and unwary, even usually, through forms of fraud which are at once very offensive and very injurious. In my judgment the only possibility of ever rehabilitating the sport as one appropriate for decent people lies in absolutely eradicating the gambling and swindling element now so strongly represented among its patrons."

Criminal Code, whilst the business of the racing club has been since 1910 expressly protected by the Criminal Code. Bookmaking is still practised on Mr. Abram M. Orpen's two half-mile tracks in Toronto and on some of the minor tracks in other parts of the country.

It should be said that there was never any attempt in Parliament to legislate against betting or even gambling as such. There is a broad distinction between legislating to make the act of laying a bet a crime and legislating to make the business of carrying on a betting house or gambling resort a crime. The distinction is similar to that which is drawn between drinking intoxicating liquor and the act of carrying on a business of selling intoxicating liquor and there is no difficulty in understanding the reason behind the distinction in each case. The one case is that of personal habit and the other is the case of the carrying on of a business tending to demoralize society. Instances of businesses of this character are the opium joint, the saloon, the betting house and other places of the like character, all of which are under the ban of the law.

Prior to 1910, partly as a result of legislation and partly as a result of judicial interpretation in England and of the subserviency of the Courts of this country to English precedent, the law of Canada on the subject was in a very absurd and unsatisfactory state. It is an interesting chapter but it would take too much space at this time to enter into the details. It will be sufficient to state that under the interpretation of the law it was difficult to get convictions for race-track gambling, whether on or off the race-tracks, and the bill introduced into the House of Commons at Ottawa in that year by the late H. H. Miller, M.P., was an attempt to make the business of race-track gambling, whether carried on on a race-track or in a pool room, an offence under the Criminal Code. The bill was referred to a Select Committee of the House of Commons and the evidence taken before that committee is printed in a volume of nearly 600 pages.

In 1910 there were five principal race-tracks in Ontario and Quebec linked together under the name of the Canadian Racing Association. They were the Ontario Jockey Club of Toronto, the Blue Bonnets Club, Montreal, the Hamilton Jockey Club, the Niagara Racing Association at Fort Erie, and the Windsor Jockey Club. Besides these there was Mr. Orpen's Dufferin Park track at Toronto, and there were tracks at Winnipeg, Vancouver and Victoria, and in New Brunswick and Nova Scotia. It was said during the debate



in Parliament that though there was good racing there was no bookmaking on the Nova Scotia tracks.

### **The Canadian Racing Association**

To understand the situation as it was in 1910, and as it is now, it will be necessary to discuss in some detail the affairs of the units of the Canadian Racing Association and the influences that led to the defeat of the Miller Bill, and that are now back of the Jockey Clubs.

First, as to the Ontario Jockey Club (the Woodbine), which is the leading racing club of Canada,—there can be no question of the respectability and high standing of its officers and shareholders. They are, in fact, among the leaders in the social, political and financial life of the province. That was the chief trouble in 1910. In that year as now, Mr. Joseph E. Seagram, ex-M.P., distiller of Waterloo, was President. Mr. E. B. (now Sir Edmund) Osler was first vice-president, and Senator (now Sir) L. Melvin Jones was second vice-president. On the Board of Directors in 1910, as now, were Hon. Col. John S. Hendrie, M.P.P. (now Sir John Hendrie, Lieutenant-Governor of Ontario), and other prominent citizens. On the list of shareholders of the club were names equally influential, and of the total capital stock of the Club more than one-third stood in the names of members of the Hendrie family. It should be mentioned in this connection that the Ontario Jockey Club, like all the other racing clubs, is a joint stock company, absolutely controlled by the shareholders and having no legal obligation to the public resting on it other than or different from the obligation of other joint stock companies.

The late Senator William Gibson was in 1910 President of the Hamilton Jockey Club, and Mr. J. C. Bruce, ex-M.P., its first vice-president, and Judge Monck, junior county judge of Wentworth County, its second vice-president.

Sir Montague Allen was the president and Mr. Justice Robidoux, vice-president of the Montreal Jockey Club.

These and other names were put forward before the Committee and before Parliament at Ottawa, as establishing the high character of the jockey clubs. No emphasis was placed by counsel for the jockey clubs on the personnel of the other units of the Canadian Racing Association. The facts were otherwise elicited.

Mr. John H. Madigan, the president then and now of the Niagara Racing Association, was a part owner of the Interstate News Company, a wholesaler of racing information by telegraph to the race-track pool rooms of the continent. In 1910 he gave his address as Houston, Texas.

In his Club's return to the Provincial Secretary's Department at Toronto for 1916, he described himself as a farmer at Fort Erie. Mr. Sam Adler, the Secretary in 1910, and now the Treasurer of the Fort Erie Club, and Mr. Louis A. Cella then and now a director, are Missouri men who ran race-tracks near St. Louis until the race-tracks there were closed as a result of Governor Folk's anti-race-track gambling law. Mr. John Condon, the fourth Fort Erie director, was in 1910 and presumably still is interested in the racing resort at Jaurez, Mexico, and in a track at Emeryville, California, then being run in defiance of the law of that state, and in a track at Salt Lake City. These four men owned and controlled the Fort Erie track in 1910 and they still own and control it. The following information with respect to this track was furnished to me in 1910 by the District Attorney's office at Brooklyn, N.Y. :—

"This racing club is practically controlled by John H. Madigan, the Texan. Madigan has a reputation all over the country as a fighter of game-cocks, and is in the habit of wagering thousands of dollars upon the outcome of one of these contests."

The genesis of the Windsor track was furnished to me by the District Attorney's office in the same memorandum:—

"Samuel Wagner, familiarly known as 'Sam' Wagner, a noted owner of gambling houses in Chicago and other cities of the country, was for several years the principal owner of the race-track at Windsor. When the prosecuting attorney for Wayne County, Michigan, started after the race-track gamblers, the Highland Park Club, which had conducted racing at Highland Park, about seven miles north of Detroit, leased the Windsor track and the races at Windsor are now run under the control of the Highland Park Club. George M. Hendrie, of Detroit, is the president, and Walter O. Parmer, of Nashville, Tenn., is the secretary."

The George M. Hendrie referred to in this memorandum is a resident of Detroit and is a brother of Sir John Hendrie and Lieutenant-Colonel William Hendrie of Hamilton, both directors of the Ontario Jockey Club. Mr. George M. Hendrie and Mr. Walter O. Parmer are still in control of the Windsor Club, and in his evidence before the select committee of the House of Commons at Ottawa in 1910, Hon. Col. John S. (now Sir John) Hendrie stated that he and his brother George were in partnership. Mr. George M. Hendrie is also a member of the Ontario Jockey Club.

Mr. George M. Hendrie and Mr. Parmer had been prior to 1907 lessees for ten years of the Fort Erie track. In that year the track was sold by the owners to the Texas and Missouri gentlemen above mentioned.

### **The Rake-off Men and the Immigration Officials**

Some of the Ontario tracks controlled by race-track men from the United States have been giving the Canadian Department of Immigration a good deal of trouble by reason of their insistence in the employment of their followers from the United States. According to a letter written by Mr. W. D. Scott, Dominion Superintendent of Immigration, to the Inspector of Immigration at Bridgeburg, last July, "the character of the men and the nature of the employment is not of the best" and "some of the help admitted is German-American and pro-German in sympathy." Mr. James C. Mitchell, Dominion Inspector of Employment Agencies, reporting on the matter to Mr. Scott with reference to the Fort Erie track, said :—

"Mr. Madigan says he is a Canadian. He told me that he prefers Canadians, but that so much of his patronage comes from across the river that he has to employ some Americans. I am quite satisfied that the management of this track is purely American, as their office is at Ellicott Square, Buffalo, N.Y. As for Mr. Madigan claiming that he is a Canadian, it does not look very well when he will allow a German-American to be given preference over a Canadian soldier who has returned from the front."

Later, on the 4th of August last, Mr. Mitchell reported to Mr. Scott that when he raised the question of the discrimination on the Fort Erie track against returned soldiers. Madigan answered that "he did not care about soldiers." Mr. Mitchell added in his letter to Mr. Scott that he thought "a man of this stamp does not deserve any consideration."

Mr. Mitchell also had an experience at the Hamilton track where, according to his letter to Mr. Scott of the 24th of July, he learned that "Mr. Smith, an American, is a very large shareholder," and "that Sam Spencer, who is known as the New York Jew, on the race track, and who caused the trouble on the Dorval track where the Canadians were refused work in the first place, is Smith's representative." Mr. Mitchell concludes his letter with the statement that he thinks the Hamilton Jockey Club has had fair warning.

Reporting to Mr. Scott on the 29th of August with regard to the Hendrie track at Windsor, Mr. Mitchell said :

"On the first day of the second meet I spoke to Mr. George M. Hendrie, the president, in regard to the list, and the only satisfaction I got was he said he would see. . . . .

"I must take strong objection to Mr. Hendrie's statement that the Canadians who are complaining are incompetent and undesirable, and it is very unbecoming in the President of the Windsor Jockey Club to insult the Canadian people in such a manner, as they are more than equal to some of the Americans he employs on his track."

### **The Profits of the Business of Race-track Gambling**

In 1910 and prior thereto the principal sources of income of the different jockey clubs were the income derived from the bookmakers, and the gate and bar receipts. Each bookmaker at the Woodbine, for instance, paid \$100 a day for the privilege of making books on the track, there being an average of fifty bookmakers at a meeting, most of them from the United States. At the Fort Erie Club the bookmakers paid \$150 per day. In addition to these sources of revenue the jockey clubs sold racing information to Madigan's Interstate News Company from which the Ontario Jockey Club and the other clubs each derived an income of several thousand dollars a year.

The profits of the Woodbine and Hamilton Clubs were shown by their books to have been enormous. The original amount of money invested by the shareholders of the Ontario Jockey Club was \$10,000. On this capital the net profits for the year 1909, after deducting all expenses and paying directors' fees to the amount of \$2,240 for the year, were shown to have been \$66,678. For the three preceding years they were as follows :—

In 1906.....	\$64,660
In 1907.....	69,789
In 1908.....	\$49,624

On a total capital investment of \$4,050, the net profits of the Hamilton Club in 1909 were \$70,870. Efforts made by the Committee to get financial statements from the Fort Erie Club and the Windsor Racing Association were without success. Mr. Madigan was touring with his fighting cocks somewhere in the United States and preferred to remain there. Mr. George M. Hendrie was said to have been in the Southern States and at all events did not respond to the invitation to appear before the Committee. Both Clubs

were represented by counsel but no financial statements were furnished.

It was perfectly apparent then, as now, that the Fort Erie and Windsor Clubs, like the disreputable race-track at Jaurez, Mexico, existed, the one at the gates of the City of Buffalo, and the other at the gates of the City of Detroit, for the purpose of carrying on for the benefit (or demoralization) of the people of those cities practices that were not allowed under the laws of New York and Michigan. It also appeared that these tracks, resting as they did on a pure basis of commercialized gambling and without any serious apology or excuse that they were in the interests of horse-breeding, were in intimate association with the Toronto, Montreal and Hamilton Clubs, controlled and officered by leading public men of Canada.

Though Mr. George M. Hendrie, the proprietor of the Windsor track, could not be prevailed upon to appear before the Committee, his brothers, Lieut.-Col. William Hendrie and Sir John Hendrie, did appear and gave evidence against the measure. They were disposed to put emphasis on the sacrifices their father and their father's family had made in the interests of horse-racing, and to lament their investments, from a business point of view. Thus Sir John, in answer to Mr. McCarthy :—

"Q. Is there very much money in keeping up these establishments to-day ? A. Generally I should think that during the fifty years of my father's life that he raced it cost him \$300,000 or \$400,000.

"Q. What has been your experience ? A. I have partially paid expenses.

"Q. Does that mean that you have lost money this year ? A. Yes, but I do not grudge it.

"Q. Your brother gave evidence in cross-examination to Mr. Raney with reference to your interest in those tracks. Are you a shareholder in the Ontario Jockey Club ? A. I am a director and a shareholder in the Ontario Jockey Club. From my share I get \$10 a year.

"Q. That helps to make up for the deficiency, I suppose ? A. It pays for a Pullman to go down to the directors' meeting."

Major William Hendrie :

"Q. Are you interested in the Hamilton Jockey Club ? A. I am, unfortunately."

### **An Explanation of the Victory of the Jockey Clubs in 1910**

These answers were given before the Secretaries of the Toronto and Hamilton Clubs brought down their books, which when produced showed that the Hamilton Club had been making net profits at the rate of 1700 per cent. per annum on the investment, and that the Toronto Club's net profits were on the basis of nearly 700 per cent. per annum.

But Sir John Hendrie's evidence was interesting from a wider point of view. The following are some extracts :

"Q. Are you racing yourself ? A. I am in partnership with my brother, George Hendrie.

"Q. Perhaps I may anticipate Mr. Raney and ask whether you regard betting as an evil ? A. Betting is something that is inherent in the whole race. Every class of people bet all over the world. One might bet on stocks, another on horse races, another on cock fighting, but generally there is a natural instinct in most men to have a bet on something. It is natural to the human race. I think it has gone on since the world started, and I think it will go on after we are dead.

"Q. If it is not indulged in to excess do you regard it as an evil ? A. No, I do not.

"Q. Then you think that the love of the horse and the love of the sport and the appreciating of the value of the thoroughbred horse would not in themselves be sufficient incentive to keep up horse racing and breeding of the thoroughbred horse ? A. No.

"Q. Let me put it in this way. I understand the Ontario Jockey Club sells bookmaking privileges to bookmakers ? A. That is a matter I know nothing about.

"Q. Do you know that the Ontario Jockey Club derives a revenue from the sale of privileges to bookmakers ? A. I do.

"Q. To carry the question a step further, do you regard the business of the professional bookmaker as an evil ? A. If the millennium should come and stop all betting in all parts of the world of every shape and kind I would be willing to include that. But I want to see that. Under the present restrictions bookmaking is allowed by law. I think it is much better that it should be in a certain place where the bookmaker is



amenable to the officials of the Jockey Club where if anything goes wrong he can be called for.\*

"Q. Your suggestion would be to make book-making legal whether the bookmaker is walking or standing? A. Legal during the programme of a race and I also believe that if racing were to a certain extent restricted——

Q. You think the present law should be amended either in one direction or another, either by bookmaking legal or illegal? A. Making it legal. Only in one way. . . . I may say I visited Windsor at the last fall meeting and I saw some of the nicest people at Detroit, including a member of the Local House and a member of the Dominion House."

Notwithstanding this evidence, and much more to the like effect, Mr. Miller's bill, making the business of race-track gambling a crime, had the undoubted support of the great body of the people of Canada. Every farm paper in the country advocated it. They estimated the argument that race-track gambling was necessary to horse-racing and that horse-racing was necessary to the thoroughbred and that the thoroughbred was necessary to the horse-breeding interest at its true value. The Minister of Agriculture himself appeared before the Committee in support of the bill. The Master of the Dominion Grange, presidents of Agricultural Colleges and other prominent citizens wrote to the Committee in its support. There was in fact no substantial influence outside of Parliament against the bill, except that of the jockey clubs themselves, and after taking time to consider the evidence the Committee reported in favor of the bill.

Why then did the bill fail in the house, as it did on the first division, by one vote?

It was not for want of able advocacy. Mr. Miller's speeches in support of the bill were exceedingly able. Several members of the Government of the day spoke in its support, and several members of the then Opposition who are

\* Sir Edmund Osler, President of the Toronto Jockey Club, made a similar argument on the floor of the House of Commons. He said: "If I could by my vote and influence prevent all gambling I would do it very soon, but my experience is that you cannot prevent by Act of Parliament many of the evils incident to human nature. The difficulty that is before the people of Canada to-day, in my mind, is, to a great extent, that those who are looking after the morals of the country are trying to put those morals on the lines which they think is right by Act of Parliament and not by home and church influences."

Why, then, any law at all on the subject of gambling or gambling houses?—W.E.R.

members of the present Government, including Dr. J. D. Reid, now Minister of Customs, Mr. Arthur Meighen, now Solicitor General of Canada, and Mr. Martin Burrell, now Minister of Agriculture, supported the measure. Why then did it fail?

There were three principal reasons.

There was an annual income to the jockey clubs of somewhere in the neighborhood of half a million dollars at stake and they put up a very powerful lobby.

Then every one of the jockey clubs in the Canadian Racing Association had spokesmen on the floor of the House. Sir Edmund Osler, M.P., vice-president of the Ontario Jockey Club, spoke against the bill, alleging that he had never known in all his experience of a case of a young man who had gone wrong from betting on the race-track, and he accused the promoters of the bill of trying to have suppressed by Act of Parliament "that which can only be suppressed by the moral teaching of the ministry of this country and the fathers of the children." He gave the Woodbine track a very high character, alleging in particular that no boy or girl under 18 years of age was permitted to visit the track!

The late Samuel Barker, M.P., a former President of the Hamilton Jockey Club, dwelt on the eminent respectability of that club. In his view the race-track bookmaker belonged to the same class as the life insurance agent.\*

Though Mr. A. H. Clarke, K.C., M.P., of Windsor, had told the House during a previous session that the race track at Windsor was a gambling resort pure and simple and an unmitigated curse to that city, Mr. Oliver J. Wilcox, M.P. for North Essex, did not hesitate to defend the Windsor track, and Mr. W. M. German, M.P. for Welland, gave the Fort Erie track a clean bill of health. Mr. German had appeared before the Select Committee of the House of Commons. He told the Committee that he "could get every minister, every clergyman and every priest in and about that section of the country to sign a petition that the Fort Erie race-

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\*This argument was also made on the floor of the House by Mr. Aylesworth, the Minister of Justice. He said:

"But the very gentlemen who have been referred to in the course of the discussion to-day as advocating this measure are, I venture to think, perhaps unconsciously to themselves, engaging in substantially the same sort of business transaction and considering it an eminently laudable thing to do. Suppose I go to a life insurance company and want to obtain a policy of insurance on my life, what else does the company do but avail itself of its knowledge by experience and by the experience of others, as to the chances that I will die within a year and make its bet that I will not die."

track should not be closed up." His theory, as expressed to the Committee, was that any man who attributed his downfall to race-track gambling was simply a "born liar." He had been a member of the Company that had built the Fort Erie track and had owned a block of the stock, for which he had not paid anything. In all he had disbursed, however, in one way or another \$5,000 or \$6,000, and when the track was sold for \$80,000 to Madigan and his friends he had received for his share the sum of \$45,000.

That I may do Mr. German no injustice, I quote from his statement as reported in the notes of the proceedings of the Committee :

"Now, coming down to the benefits, so far as the county of Welland is concerned, that race track brings into that county every year over \$30,000 of outside money that the farmers get, the butchers get, the blacksmiths and the grocers, and I could get every minister, every clergyman, and every priest in and about that section of the country to sign a petition that the Fort Erie race track should not be closed up.

"Now, I have heard something said in reference to young men losing money, people going bankrupt. I will venture to say this—and I have had considerable experience in defending men in my modest legal way who have been accused of crime—99 out of every 100 of them, instead of admitting that they are thieves, from the cradle to the grave, will try to show some excuse, will put it on something else. If they are brought up, if they are living in the neighborhood of a race track, they will say : 'Oh, I was led astray because I had a bet on the race track,' and in nine cases out of ten they never made a bet on the race track in their lives."

BY THE CHAIRMAN : Q. Why would they lie about it, Mr. German ? A. The criminal is a born liar.

BY MR. RANEY : Q. Mr. German, would you mind telling me what your interest is in the Fort Erie race track ? A. Not a penny's worth.

Q. Did you ever have any interest in it ? A. I did.

Q. When ? A. From the time it was built until five years ago.

Q. What was the interest ? A. A shareholder in the Fort Erie Jockey Club.

Q. How much ? A. How do you mean "how much" ?

Q. In dollars ? A. In dollars ?

Q. Yes. A. Well, I don't think it was anything in dollars.

Q. Well, you were a shareholder ? A. Yes.

Q. Owning how many shares ? A. Well, I really do not remember now.

Q. How much in shares, \$5,000, \$20,000, what was it ? A. I am not sure. I never had any money in it at all. We borrowed the money and I do not know how much stock I had. We borrowed the money from the Columbia Bank in Buffalo and endorsed notes for the money.

Q. You repaid the bank out of the profits ? A. Yes.

Q. And then you were free to sell the track ? A. Yes.

Q. How much did you get for it ? A. How much did I get for it ?

Q. Yes ? A. \$45,000.

Q. That was for your interest ? A. Yes.

Q. How much money did you put in it before you took out \$45,000 ? A. Well, I think in actual cash between \$5,000 and \$6,000.

Q. That was your investment ? A. Yes.

Q. On which you reaped \$45,000 ? A. Yes.

But these things would not have been sufficient to defeat the Bill had it not been for the attitude of the then Minister of Justice, Hon. A. B. (now Sir Allen) Aylesworth.

The Criminal Code is that part of the statutes which is in the special charge of the Minister of Justice. Though Mr. Aylesworth had assured Mr. Miller, before the bill was introduced, that it was well calculated to carry out the object he (Mr. Miller) had in mind, he not only attacked the principle of the bill in Parliament with great bitterness, but in contradiction of his letter to Mr. Miller, he resorted to technical criticism. Members of the House who were not lawyers were actuated largely, as some of them said in their speeches, by the Minister of Justice, the expert in the case. Not only did Mr. Aylesworth oppose the bill introduced by Mr. Miller, but he supported the amendment introduced by Mr. McColl, a dissenting member of the Special Committee, and seconded by Hon. Clifford Sifton, the object of which was to validate and legalize race-track gambling when carried on within a racing enclosure, and the principle of which Parliament ultimately adopted ; and there is no doubt at all that the happy result of the whole matter, from the point of view of the jockey clubs, was to

be credited largely to the then Minister of Justice and Mr. Sifton.\*

### **The Fruits of Victory**

The legislation of 1910 was, of course, a distinct victory for the jockey clubs. In 1909 the bookmakers had paid the Ontario Jockey Club \$70,700 for the privilege of making books on its tracks. For the like concession they had paid \$74,800 in Hamilton and \$76,750 in Montreal, but, as explained by the secretary of the Ontario Jockey Club to the Select Committee, the bookmakers were in constant danger of being arrested by the police :

"Q. Then in what respect is the present law unsatisfactory? A. In this respect that it allows the meets of the Ontario Jockey Club to be molested from year to year.

"Q. Under what pretext? A. That it is illegal."

So long as the bookmaker kept moving the police could not interfere; but if he mounted a soap box or stood under an umbrella he was likely to be arrested. That sort of thing was calculated to get upon the nerves not only of the bookmakers but of the directors and of their secretary.

Moreover, as explained by Mr. Seagram, the President of the Ontario Jockey Club at the annual meeting of shareholders in 1909, under the law as it then stood, and "in the face of a certain section of public opinion," the Club did not feel itself safe in making "the necessary improvements to Woodbine Park which are demanded by the public."

To get the legislation they wanted, the jockey clubs were willing to submit to certain restrictions and regulations. They were willing, for instance, that the business of race-track gambling should be prohibited and made a crime everywhere except on the race-track. This would (and did) put an end once and for all to the race-track pool room and to the hand-book men.

They were willing to forego the revenue which they had theretofore derived from the sale of racing information to

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\* In his speech seconding the McColl amendment, Mr. Sifton said : "If this [the Miller Bill] should be made law, would not one law of the Parliament of Canada at least be brought into contempt with a large section of the community? They would not respect it as legislation, which the circumstances called for, or which Parliament had passed in the exercise of due wisdom and due care; and the result would be that that support which all good citizens give to the law would not be given to this law under these circumstances."

Apart from the few score shareholders of the jockey clubs, where is the "large section of the community," to which Mr. Sifton refers, to be found?—W.E.R.

Madigan's Interstate News Company for use for gambling purposes in the pool rooms of the continent.

Speaking before the Committee of the practices of his club in this regard, Mr. Fraser, Secretary of the Ontario Jockey Club, said :

"Q. You understand what I mean. From some of the tracks, at all events on the American side, information is sent by telegram to pool rooms for use in betting in pool rooms? A. May I correct you there. The advance information is the betting privilege in other words. I think you understand that.

"Q. Is that information telegraphed from the Woodbine track to anywhere else? A. It is.

"Q. Does the Ontario Jockey Club receive a revenue from that source? A. Yes.

"Q. What is that revenue? A. In the year I think about \$3,000.

"Q. For how many years has that practice been going on? A. To be accurate there have been years that information has not been sent out.

"Q. For how many years back does it date? A. I should not think more than ten.

"Q. Who pays this \$3,000, or whatever it may be? A. The news companies.

"Q. How many paid for it last year? A. One.

"Q. What was that? A. The Interstate News Company.

"Q. Of course this is authorized by the directors? A. No, it is not.

"Q. Who authorizes it? A. I authorize it. The directors authorize everything but not that especially.

"Q. They know it is going on? A. Oh, yes.

"Q. And they know revenue is coming in from this source? A. Yes.

"Q. And I suppose you disapprove of the pool room? A. Yes, I do not think the pool room is a good institution.

"Q. Then you also disapprove of the hand-book business? A. I do not think the hand-book business is conducive to the best interest of racing. Quite the contrary."

IN ANSWER TO MR. MCCARTHY : "Q. About the Interstate News Company, what receipts you get therefrom you say is about \$3,000. It is \$2,981 I see. If you did not grant the privilege under the present state of the law, what would they have done? A. That has



been well considered. I am told that they could have rented a number of houses which overlooked our race course and put in their wires and got that information ; they told me they would do that."

But \$3,000 a year was a bagatelle and in the written argument handed in to the Committee by the five eminent counsel for the Toronto, Montreal and Hamilton Jockey Clubs, those gentlemen stated the attitude of their clubs on this point in these words :

"The supporters of the bill have tried to lay stress on the fact that some of the racing clubs derive an income from the sale of telegraphic information in regard to the racing and betting. There is no law prohibiting the sale of this information, and it is quite natural that the clubs should sell it if someone is willing to pay for it, and if they did not do so, the information would be obtained notwithstanding. The opponents of the bill, however, are quite willing to concede that the sale of such information be prohibited."

But there may not have been any real sacrifice for the jockey clubs in foregoing the revenue from Madigan's Interstate News Company, because the final elimination of the pool room and the hand-book man from Canada was a further addition to the monopoly of the business of betting enjoyed by the jockey clubs.

Then the jockey clubs, to placate the section of public opinion to which Mr. Seagram had referred, were willing to agree to shorten the race meetings and thus reduce the area of the temptation, so to speak. In 1909 there had been 128 days of racing under the jurisdiction of the Canadian Racing Association, 20 at the Woodbine, 22 at Hamilton, 26 at Montreal, 30 at Fort Erie, and 30 at Windsor, the strings of horses travelling round the circuit during the whole racing season from May to November. The jockey clubs were content that the racing meetings of the different clubs should be limited to seven days and that no jockey club should hold more than two racing meetings in a year.

This also was to the advantage of the Canadian Racing Association because it put a restraint on Mr. Orpen's Dufferin Park track where racing was continued through the whole season,—to the demoralization both of racing and the business of bookmaking.

Then there was another thing the jockey clubs were willing to concede. They were willing to agree that racing should be carried on only by incorporated associations and that no new associations should be incorporated except

under stringent conditions. This was by way of preventing Mr. Orpen and other like-minded persons from spoiling the game by flying too much "in the face of a certain section of public opinion." Incidentally it too added to the monopoly of the jockey clubs.

And so, with the assistance of the Minister of Justice, the law was passed. But it did not altogether circumscribe Mr. Orpen, for he immediately dug up another old charter, leased other land and started another track at Toronto under the name of the Hillcrest, with Alderman Sam McBride as its president.

### **Installation of the Pari-Mutuel**

As we have seen, Sir John Hendrie saw nothing to reprobate either in the business of bookmaking or in the bookmakers themselves, and the Secretary of the Ontario Jockey Club told the committee that there was greater temptation in the pari-mutuel system than in the system of betting with bookmakers for the young man who had not been in the habit of betting at all, "for the reason that the facilities you see are greater." Nevertheless the first thing the Ontario Jockey Club did after the legislation of 1910 was to discard the bookmaker and install the pari-mutuel system. Thereby the Jockey Club killed two birds with one stone. It eliminated the professional gambler with his disreputable following and it appropriated to itself that portion of the profits of the business which the bookmaker had previously engrossed. In other words, it dispensed with the middleman. And also, it killed another bird, really two other birds. As Mr. Fraser said would be the case, the pari-mutuel system increased the facilities for betting and it also removed the risk, or rather perhaps the suspicion of manipulation of the horses at the instance of the bookmakers and the doubt of the novice as to whether he would get his money if he won, because, of course, the betting machines are honest and the jockey clubs are solvent.\*

\* Perhaps I have stated this too broadly, for since it was written I have it on good authority and from more than one source that there is manipulation of the betting machines almost every time a long shot wins, by the addition of tickets between the time of the closing of the book and the posting of the figures. One horseman writes me: "Why does the Government not make the Toronto Club put an indicator in, as is done in all the pari-mutuel tracks in South America? It is well known that two years ago a bundle of \$3,500 was found in one of the booth drawers several months after the races were over. It is well known and a joke among horsemen that Toronto is the goat of the gang who come over here from the States to run the machines." He adds that he and a friend figured up a discrepancy of \$4,000 on one race last year.—W. E. R.

### **Distinguished Patronage**

All the other principal tracks in Canada followed the lead of the Ontario Jockey Club and installed the pari-mutuel ; so that betting on the race-tracks now is as safe (if you win) as the Louisiana Lottery used to be and much more respectable. Eminent public men stand behind it.—knights, senators, members of the House of Commons judges, members of the Provincial Legislature. Can there be anything wrong with practices which have the sanction of such men ? That was the argument before the Committee, who as I have said, great parade was made of public names. Not only so, but the Secretary of the Ontario Jockey Club told the Committee of the special pains that were taken by his club to get itself under distinguished patronage :

"Q. I understood you to say that the policy of your club was to take care to have its meetings under distinguished patronage ? A. Yes.

"Q. Of course that was gone about in a business-like way ? A. In a businesslike way ?

"Q. Yes, providing for that necessity, as you regarded it ? A. I cannot tell you other than that it was deemed necessary to have the highest people in the land.

"Q. And steps were taken to get them there ? A. They were asked to come and they came.

"Q. And they were brought there without expense to themselves ? A. They were brought there without expense to themselves."

### **Introduction of the German System**

Following the legislation at Ottawa in 1910, the Legislature of Ontario in 1911 passed an Act requiring racing associations to take out annual licenses and to pay therefor the sum of \$200 for each day upon which racing was conducted on its track. In 1914 the license fee was increased to \$500 per day and it was further increased at the last session of the Legislature to \$1,250 per day. This tax yielded about \$125,000 to the Province for the year 1916.

### **Commercialism versus Sport**

In his annual address for 1908 the President of the Ontario Jockey Club discussed its finances, adding :

"It may possibly occur to some of our shareholders that they should receive a greater return than the ten per cent. dividend now paid annually on the capital

stock of \$10,000. To this I would say that our strength is greater not only in Canada but among racing associations on this continent from the fact that we have not regarded the Ontario Jockey Club as a money-making concern but have put our earnings into providing additional comfort for the public."

But the critics of the jockey clubs, having shot their bolt at Ottawa in 1910 and there being no further risk to be apparently apprehended from that quarter, those of the shareholders who looked upon their share certificates in the Ontario Jockey Club Limited as they did upon their certificates for stock in the C.P.R. or the Bank of Commerce, saw no reason why a beginning should not be made on the melon. Accordingly in November of the same year the capital of the Club was increased to \$200,000 and each subscriber received a certificate for two shares of \$1,000 each for every \$100 of paid-up stock then held by him, not by virtue of the payment of additional money, but by virtue of a by-law of the company approved by the Government.

The annual returns filed with the Government by joint stock companies do not disclose their profits or dividends, so that there is no official statement available as to the profits of the jockey clubs subsequent to the statements made before the Committee at Ottawa in 1910. My information, however, from more than one reliable source, is that the net profits of the Ontario Jockey Club for 1916 were about twice what they were in 1909. The Club's rest account in 1910, taking their land at actual cost, was, according to its own books, \$337,000. Its present surplus on the same basis must be three-quarters of a million dollars, and on the basis of the actual value of its real estate holdings, must be at least twice that sum.

So that when the shareholders of the Club met in October, 1916, to consider a by-law to increase the capital stock of the Club to \$600,000 there was no question at all that Senator Sir Lyman Melvin Jones, vice-president of the Club, was speaking well within the mark when he told the members present that "the value of the assets employed in carrying on the Company's business far exceeded the authorized capital stock." The by-law enacted :

"That an application be made by petition to the Lieutenant-Governor-in-Council for the issue of Supplementary Letters Patent directing :

"(a) That the capital stock of the said Club be and the same is hereby increased from the sum of

\$200,000 to the sum of \$600,000, and that the said capital stock be divided into 600 shares of \$1,000 each.

"(b) That the new shares be allotted to the present shareholders of the Club so that each shareholder will receive two new shares for each share held by such shareholder at the present time."

The meeting passed the by-law unanimously, the following shareholders being present either in person or by proxy :

Sir Lyman Melvin Jones, R. J. Christie, Wilfred Davies, Melville Davies, G. W. Beardmore, E. W. McNeil, W. S. Andrews, J. Bruce Macdonald, W. P. Fraser, William Hendrie, A. W. Ballantyne, Estate of D. W. Alexander, Estate of Robert Bond, E. C. Burson, James Carruthers, F. C. Foy, J. V. Foy, A. E. Gooderham, E. D. Gooderham, G. E. Gooderham, G. H. Gooderham, G. S. Gooderham, J. L. Gooderham, N. R. Gooderham, W. G. Gooderham, J. Hargraft, Sir John Hendrie, Mary M. Hendrie, Estate of W. S. Lee, Estate of C. T. Mead, Sir William Mulock, Sir Edmund Osler, Hugh Paton, Estate of C. C. Robinson, D. King Smith, Estate of Andrew Smith, Estate of R. A. Smith, W. R. Wadsworth.

The petition for Supplementary Letters Patent increasing the capital stock was addressed "To His Honor the Lieutenant-Governor of the Province of Ontario." It was dated the 11th day of November, 1916, and was signed by Lyman Melvin Jones, Vice-President, and W. P. Fraser, Secretary. The petition recited the facts stated in the by-law and then proceeded to state that the then capital of the Club, \$200,000, "was insufficient for the purposes of the Company."

Inasmuch as His Honor the Lieutenant-Governor was one of the petitioners it was fairly reasonable to expect that His Honor the Lieutenant-Governor would grant the petition, which was, of course, what happened, and the capital stock of the Club is now \$600,000.

Besides repeating in his affidavit made in support of the petition the statement in the petition that "the present capital stock of the Company is insufficient for its purposes," the Secretary of the Club added the further statement that "the proposed increase of the capital stock of the Company is bona fide and in the opinion of the shareholders of the Company requisite and necessary for the due carrying out of the objects of the Company." In view of the fact that the avowed purpose of the increase of the capital stock was to distribute the new shares amongst existing shareholders,

it is difficult to understand how these statements could be supported, and if the by-law had any other purpose than to distribute the assets amongst the shareholders it is not disclosed by the proceedings.

Whatever the real object of the increases of capital was there can be no doubt of at least one of the effects, which is that each person who paid \$100 into the funds of the Club now holds \$6,000 of its capital stock, and if the club is still paying a 10 per cent. dividend as it was in 1909, and as it can, of course, well afford to do, then each shareholder who originally paid \$100 is now receiving \$600 annual dividend, besides which there is being carried to his credit in the surplus of the club a large sum each year. It may be worthwhile to indicate in figures a part of what this means to individual shareholders. Take, for instance, the case of Senator Sir Lyman Melvin Jones, the vice president of the Club. In 1909 he appears by the returns to have been the holder of one share of the stock of the Club upon which \$100 had been paid. After the increase of the capital stock in 1910 he figures as being the holder of \$2,000 of the stock of the Club, and under the recent further increase of the capital stock his original \$100 is represented by \$6,000 of the capital stock of the Club. In the case of the Hendrie family, their original investment, according to the returns of the Club, was \$3,400. After the increase of the capital stock in 1910 this became \$68,000, and after the recent further increase it became \$204,000.

Another effect of the two increases of the capital stock of the Ontario Jockey Club may be to reduce the liability of the Club for war tax by about \$10,000, \$7,000 of which would be credited to the recent increase. The Business Profits War Tax Act, passed by the Dominion Parliament in 1916, provides that there shall be levied a tax of twenty-five per cent. of the amount by which the profits earned by an incorporated company in any business exceed the rate of seven per cent. per annum "upon the capital employed in such business." If the capital of the Ontario Jockey Club be taken to be the actual capital invested, namely, \$10,000, then the war tax under the Dominion Act would be twenty-five per cent. of the profits after deducting seven per cent. on \$10,000. If, on the other hand, the capital be taken to be \$600,000, as fixed by the late incorporation, then the amount payable for business tax would be \$10,325 less than in the former case. I do not say that the recent incorporation was intended to be an evasion of the war tax, but I do say that it may possibly be used for that purpose and that



under all the circumstances an explanation appears to be in order. I may just add that the War Tax Act prohibits under penalty any information being given out by any servant of the Dominion Government with reference to the returns by any company under the Act.

Then what about the other clubs ?

There is no reason to suppose that the profits of the Hamilton Club have been on a lower scale since the legislation of 1910 than those of the Woodbine. And in this connection it ought perhaps to be mentioned that the evidence before the Committee at Ottawa showed that the Hamilton Club at its annual meeting for the year 1909 voted the sum of \$4,000 to Judge Monck of the County Court of Wentworth as a recognition of his services to the Club and \$1,000 a year as salary for the future. Not to speak of the invidious position in which a judge charged with the responsibility of administering the criminal law put himself when he became the paid servant of a club depending for its revenue largely upon the avails of gambling, Judge Monck's action appears to have been in direct violation of the statute of Canada known as the Judges Act, which provided that "no judge shall engage in any occupation or business other than his judicial duties" and "every judge shall devote himself exclusively to his judicial duties."

It may be added that at the same time that the Hamilton Club voted \$4,000 in cash to Judge Monck, it voted two shares of the stock of the Club as a bonus to the president, the late Senator Gibson, and one share to the vice-president, Mr. F. C. Bruce, ex-M.P., each of these shares having a potential value according to the then revenue of the Club of \$10,000.

Another significant fact with reference to the Hamilton track is that it also is now controlled by rake-off men from the United States, Charlie "Social" Smith (or Schmidt), a Chicago race-track man, well known on the turf as one of the biggest layers on the races, having acquired the shares of the Hendries and Judge Monck and other holders of Hamilton Club stock, at prices which yielded to the owners in some cases about \$100 for every dollar of money that had been invested. And just now (February, 1917) there is an application pending to increase the stock of the Hamilton Club to \$100,000, so that each person who holds one of the original shares upon which \$40 was paid will receive \$1,000 of the stock of the Club.

### **Their Associates at Fort Erie and Windsor**

As has been said, there was no exact information before the Committee at Ottawa as to the profits of the Texas and Missouri gentlemen at Fort Erie, or as to the Hendrie track at Windsor. But if their profits were large in 1909, in 1916 they were fabulous,—more especially those of the Hendrie track at Windsor.

For the past few years Detroit has been perhaps the most prosperous city of its size in the world. Bookmaking and the pari-mutuel system are alike contrary to the laws of Michigan. Under these conditions gold has been poured into the pari-mutuel machines at the Hendrie track at Windsor as through a hopper.

There is no law or rule regulating the rake-off. It is seven per cent. or more at the Woodbine track. At other tracks it is said to be twelve per cent. or even more. Each track takes what it sees fit, the only limit being the tender mercies of the rake-off men themselves. No one but the rake-off men themselves know just what they take—and they do not tell.

On the 22nd of August, 1916, the sum of \$378,000 passed through the betting machines at the Hendrie track at Windsor, and on another day of the same month the secretary of the Club told the representative of the Detroit Free Press that 14,000 people had passed through the turnstiles on that day. The admission fee is \$1.50 plus the war tax of 10 cents. It is not difficult, therefore, to believe the information which came from independent and reliable sources, that the Hendrie Club's total revenue from the machines for the fourteen days' racing at Windsor in 1916 ran into enormous figures. Even on the new Devonshire track at Windsor the money passing through the machines on one day last autumn was no less a sum than \$228,000.

The evidence before the Committee at Ottawa showed that the gate receipts and minor sources of revenue of the jockey clubs were just about sufficient to pay their outgoings, leaving them the avails of their betting privileges for their net profit.

It is well within the mark to say that the net profits made by the race-track companies of Ontario alone, since, say the beginning of the war, have averaged \$1,000,000 annually, and that for the year 1916 they were upwards of \$1,250,000.

Of course the enormous profits of the Windsor Club could not be kept altogether a secret and could not but excite the cupidity of outsiders. There was in Manitoulin Island,

in the constituency of Mr. R. R. Gamey, M.P.P., an innocent little club known as the Gore Bay Riding and Driving Park Association, Limited, with a capital stock of \$1,500 divided into shares of \$10 each. The charter of this association was acquired by Mr. Abram M. Orpen and Mr. Gamey, its capital stock was increased to \$25,000, its name changed to the Northern Riding and Driving Association, Limited, Mr. Gamey was made president, the Kenilworth track was built at Windsor, a license was procured from the Provincial Government and the first meeting on Windsor's second racing track was held in August, 1916.

But even two race tracks are not, it would appear, sufficient to satisfy the demands of the people of Windsor and thereabouts and the third track was built there in the summer of 1916 by a company promoted by a New York gentleman named Grant Hugh Browne, assisted by Hon. Dr. Reaume, formerly Minister of Public Works of this Province, Dr. Reaume being the vice-president of the company. Mr. Browne, it develops, acquired the charter of a racing association, made it known that his intention was to build a race-track at Windsor and then proceeded to put the intention into effect by building the track. The Hendrie interests having suffered one interloper in the shape of the Gamey-Orpen track, did not look kindly on a second, and as Messrs. Gamey and Orpen had not anticipated more than one rival for Detroit patronage when they spent their money, the two interests joined forces to prevent a license issuing from the Provincial Treasurer's Department to the Browne-Reaume Club and for some weeks a merry war was waged between rival political factions, until the Provincial Treasurer was advised that under the law of the province as it stands he had no alternative but to grant the license to the new club. The license was accordingly granted on the 23rd of September, 1916, and the first meeting on the new track, which is called the Devonshire, in anticipation probably of the patronage of Canada's new Governor-General, was held last autumn.

But this was not the end of the internecine warfare, for on the 26th of September the Hamilton, Orpen-Gamey, and Madigan Clubs united with the Hendrie Club at Windsor and the Toronto Jockey Club in a statement warning "all persons that participate in the forthcoming advertised meeting of the so-called Devonshire track, Windsor, that those persons and horses so participating will be denied any and all privileges at meetings hereafter to be given," at the tracks of the established clubs at Toronto, Hamilton, Fort Erie and Windsor.

In other words, the clubs controlled by the Hendries and Messrs. Madigan, Orpen and Gamey agreed among themselves that there were already enough Jockey Clubs in Ontario before the Browne-Reaume license was issued and the Devonshire track was therefore blacklisted by them, even as Orpen's Dufferin Park track was blacklisted by the Hendrie and Madigan Clubs at the time of the investigation at Ottawa in 1910.

### **An Annual Invasion of Undesirables**

The charter of the new Thorncliffe track, which is to be located on the Davies property just east of Toronto, is controlled by a gentleman known on the race-courses as Gad Bryan of the Bowie race-track at Baltimore, and an associate named O'Hara. And just in this connection it is worth noting that eight of the nine Ontario tracks (if we include the Thorncliffe) are controlled by professional race-track men—some of them with notorious records—leaving the Woodbine track to be the only one in Ontario not under the control of professional rake-off men—and it is with these men that some of the leading public men of Canada, officers of the Woodbine Club at Toronto and of the Blue Bonnets Club of Montreal, are linked up cheek by jowl in the Canadian Racing Association.

And not only are the men in control of the different Ontario tracks for the most part alien race-track gamblers and not only do they bring with them their own followers—men whom the Hon. Sidney Fisher, Minister of Agriculture, told the Committee in 1910 he would not like, from what he had seen of them, to meet alone on a dark night—but the Americans bring their own horses—weedy racing machines without stamina and of little or no use for breeding purposes, except as, after they have served their short lives on the Canadian racing circuit, they may be shipped down to Louisiana to become dams for mules.\* In a word the United States race-track gambling fraternity, driven out of its own

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\*Hon. Sidney Fisher, then Minister of Agriculture, before the Special Committee at Ottawa in 1910 :

"I want to say a word in regard to the necessity of betting in keeping up interest in horse-racing. A very large number of the races and a large number of the horses are of the character I spoke of a few minutes ago, designed entirely for speed, very often for short races, which are not conducive to the breeding of that stamina of race horse which I should consider to be necessary for the improvement of our horse stock. Men who are interested in racing through betting and because there is betting take very little interest in the character of the horses that are in the race ; they only want to back the winner, the horse that will win the race and that is the one they choose to put their money on."

country, has transferred itself and its plant to Canada where it has been received with open arms.

### **Barter in Racing Club Charters**

In litigation which took place last year between Bernard R. Hepburn, M.P. for Prince Edward County, and the Connaught Racing Association it developed that Mr. Hepburn had paid \$10,000 on account of the purchase price of the charter of that association and had afterwards sold it to the promoters of the Devonshire track at Windsor ; and in the House of Commons at Ottawa the other day, Mr. Oliver J. Wilcox, M.P., stated that the present market price of race-track charters is about \$50,000. Thus it appears that the same kind of barter in race-track charters is developing that existed in liquor licenses in Toronto during the later years of the Ontario Liquor License Act. In other words, persons who are fortunate enough to have the control of a Government franchise authorizing race meetings granted for a nominal fee, market their franchise, as Mr. Gorman, M.P., was able to do at Fort Erie, at a huge profit. And there is this added element that in the case of the race-track franchises too many of the traffickers are unfortunately entitled to write M.P. or M.P.P. after their names.

### **The Penalty of Prosperity**

In 1910, as has been said, there were five racing clubs in the Canadian Racing Association, with 128 racing days in the season from May to October. Now, according to the announcement of the Racing Association for 1917, there are eight racing clubs in the Association—two at Montreal, one at Toronto, one at Ottawa, one at Hamilton, one at Fort Erie and two at Windsor. Their racing programme for 1917 covers 112 days with two racing meetings on each track. Then there are the two new outlawed tracks—the Devonshire at Windsor and the Thorncliffe to be built this year at Toronto, and there are Mr. Orpen's two half-mile tracks at Toronto. These will account for 42 more racing days, or 154 racing days in all in this province and Montreal, besides a considerable number of other tracks that have sprung up near Montreal, so that it is probably well within the mark to say that there will be in 1917 twice the volume of racing in these two provinces that there was before the enactment of the legislation of 1910.

A bill is now pending in the House of Commons at Ottawa, introduced by Mr. Wilcox, M.P. for North Essex, the object of which, according to Mr. Wilcox, is to stop the

menace of the steadily increasing numbers of race-tracks in Canada. Mr. Wilcox is one of the gentlemen who assisted in the defeat of Mr. Miller's bill and in the enactment of the present law, and in the debate on that bill in the House in 1910 he spoke in defence of the Hendrie track at Windsor, which was more than George M. Hendrie himself had been willing to do before the Committee. Mr. Wilcox's bill, which is by way of amendment to the Criminal Code, provides that there shall be only fourteen days' racing in any county or municipality and that no track shall operate within fifty miles of another track. One effect of this amendment if adopted would be to strengthen the monopoly of existing tracks, for if enacted it would, no doubt, in its final form save the vested interests of clubs already established.

If I were to judge from the form of Mr. Wilcox's bill I would say that it was introduced in the interests of the jockey clubs. If I were to judge from Mr. Wilcox's speech in introducing the bill I would say that he was not consciously pulling the jockey clubs' chestnuts out of the fire.

### **The Prospects of the Business**

And notwithstanding war-time conditions, the business of race-track gambling prospers and expands not only in Windsor but in Toronto, for, in addition to the announcement of another track for Toronto, I find this item in an issue of one of the Toronto papers of the 26th of September, 1916 :

"The (pari) mutuel plant at Woodbine is sadly inadequate for the business that is done, and it is with a great deal of relief and satisfaction that it is learned that it is the intention of the club to have a new and enlarged mutuel pavilion erected for the spring races of 1917. The building will be in keeping with the lines of the present grandstand and will extend in an easterly direction over and beyond the present plant. This is a much-needed improvement and one that the public will appreciate. The building should be high and spacious with good light and adequate ventilation."

Speaking on the floor of the House of Commons in the debate on the Miller Bill in 1910, Sir Edmund Osler said :

"The Woodbine race track has the approval of all men who are more or less familiar with racing and betting and I think the testimony of all these men will be that it is possibly the best conducted race track in the world—except none."



It must, of course, be admitted for the Woodbine track that the greatest decorum characterizes its race meetings. Everything is in the best of good form. Indeed it has advantages over resorts of the Monte Carlo type because there the wager is with the "house" and there a player may have a run of luck and break the bank. The Woodbine, on the contrary, takes no chances. It plays a sure thing. Its customers bet against each other and the "house" takes the rake-off. The order and decency and legality and eminent respectability of it all are of the very pith of its vice and hypocrisy.

I do not make a comparison between the Woodbine and Newmarket or Epsom or Goodwood, because, whatever else may be said about them, the English race-tracks are not run by joint stock companies conducted for the private gain of their shareholders. If they were and if among the shareholders were the King and the Lord Chancellor and members of Parliament, the situation would be more or less parallel. And when Sir Allen Aylesworth in his bitter invective characterized Mr. Miller's Bill as a Yankee bill he forgot for the moment that the bill was designed to correct a form of the gambling evil which was of Yankee invention—although it must be admitted that in the country of the origin of the joint stock company racing association resting on a financial foundation of gambling, there is no record of such an association which included among its shareholders the Governor of the State, a Chief Justice of the State Judiciary, members of the Senate and House of Representatives and members of the State Legislature, and which made annual profits for these gentlemen ranging from 200 to 2,000 per cent. on their investments.

If it were only the professional gamblers with whom we had to deal the problem would be simple enough. But we have ranged with them rulers in high places—in politics, in society and in finance—forces that proved too strong for the public sentiment of the country in 1910, because the situation was not, I believe, at that time well understood in Parliament. In this view, after careful consideration and with whatever hesitation and reluctance, I decided to hold back nothing that would help to make the situation clear as it is in 1917.

I was asked to make a report, not an argument. But before closing I think I ought at least to point out the alternatives that present themselves to the people (and Parliament) of Canada.

First, we may, of course, let things go on as they are, adopting perhaps Mr. Wilcox's amendment so as to stop the

menace of the steadily increasing number of race-tracks in Canada—as he phrases it—though if they are a good thing it is not easy to understand why the increase of the number should be a menace. This course of action, or non-action, would insure a steadily increasing monopoly to the Hendrie brothers, and to Messrs. Abram M. Orpen, R. R. Gamey, M.P.P., Hon. Dr. Reaume, and to Messrs. John H. Madigan of Texas, and Grant Hugh Browne of New York, and John Condon and Charlie Smith of Chicago, and Louis H. Cella and Sam Adler, formerly of St. Louis, and Gad Bryan of Baltimore.

A second course of action would be to pursue to its logical conclusion the licensing system already inaugurated by the Government of the Province of Ontario, under which the race-track operators now pay about \$125,000 a year into the Ontario treasury. The logical conclusion of this system would be the adoption in Canada of the German system. This system, while frankly acknowledging the licensing of vice for revenue, would eliminate the private element and take the whole rake-off for the state, after allowing a moderate rate of interest on the private investment. If the Berlin system, under which the state takes one-sixth of all the money wagered, had been in force in Ontario in 1916, the revenue to the province would at a conservative estimate have been \$2,000,000 instead of \$125,000.

The beneficiaries of the present system were, they said, against Mr. Miller's Bill on patriotic grounds and in the interests of the thoroughbred. But even the sportsmen of the Toronto and Hamilton Jockey Clubs did not then offer, and they have not since offered, to turn over to public use either for patriotic purposes or for the improvement of horse-breeding the millions of money they have made in the past few years with the assistance of the Parliament of Canada, on their original paltry investment of \$14,000. The adoption of the German system would make the profits available for patriotic purposes and for the thoroughbred, but the gentlemen of the jockey clubs would still be against this, on one pretext or another, because it would wipe out their profits and destroy their monopoly as effectually as Mr. Miller's Bill would have done.

A final alternative will be to adopt the law proposed by the Miller Bill in 1910, that is to say, make the business of gambling on the race-track a crime, as it is in the race-track pool room or in the faro bank or in the back room of a Chinese laundry.

W. E. RANEY.

TORONTO, March 1, 1917.

## Race Track Gambling

Hon. Martin Burrell, M.P., now Minister of Agriculture, addressing the House of Commons in the debate on the Miller Bill, said :

"Wholesale and legalized gambling on race-tracks does not foster the best spirit of sport. Gambling and betting, in a large and professional way at all events, is anti-social in its influence, that is to say, it does not tend to a healthy and constructive progress, but rather tends to social disintegration."

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Hon. Arthur Meighen, now Solicitor-General of Canada, in his speech on the Bill, said :

"The institution of betting, when you wipe away the verbiage, when you look down at the principle or its being, its heart and life, what is it ? It is the attempt to get in this world by chance what should be got only by industry and toil. It is really based upon the desire to get wages without working for them. It is an effort to get the rewards of doing well by doing ill, an effort to get the prizes of life by doing injury to one's fellows instead of doing them good."

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The *Toronto Mail and Empire*, commenting editorially on the fact that on the 22nd of August, 1916, the sum of \$378,000 passed through the betting machines of the Hendrie track at Windsor, said :

"There is something to be said for the carrying on of sports that build character and develop muscles. There is not much to be said for the carrying on of the betting business. Any effect it may have on physique or character is enervating."

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Archdeacon Cody, Rector of St. Paul's Anglican Church, Toronto :

"Gambling enamors a man of the idea of getting something for nothing, an idea which lies at the root of many unrighteous and dishonorable deeds among men. This is a debilitating idea, which will, if indulged in, unmake any man. A fair equivalent is necessary in all solid commercial transactions. The very craving to take unearned gains has in itself something of the immoral ; such gains necessarily imply an injury to some other persons, known or unknown. This 'something for nothing' idea distracts a man's attention from his business, wastes his time, creates an unhealthy restlessness which is fatal to honest work for a fair reward, intoxicates his mental life and spoils the reliability of his judgment."

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Eminent English Judges have given their experiences :

MR. JUSTICE HAWKINS : "I know nothing more likely to ruin a young and inexperienced man than the system of betting which goes on around us."

MR. JUSTICE GRANTHAM : "Gambling with bookmakers is the cause of more crime and misery than anything else in the land."

MR. JUSTICE DARLING : "No one could attend the civil and criminal courts without knowing that many persons spent a much larger amount of time in betting than they devoted to their own business."

LORD CHIEF JUSTICE ALVERSTONE : "Sport never ought to be of necessity associated with gambling or betting. Those who had to do with the administration of the law knew that there was nothing in their great

towns—and he was afraid in the smaller ones too—that brought more people in the humbler walks of life misery and ruin than the betting agents."

MR. JUSTICE WILLS : "When I first came upon the Bench I used to think drink was the most fruitful cause of crime, but it is now a question whether the unlimited facilities for illegitimate speculation on the part of people who have no means of embarking on it are not a more prevalent source of mischief and crime even than drink."

MR. HORACE SMITH (London Stipendiary Magistrate) : "Nearly every case of embezzlement I try has resulted from betting, and then, to pay their losses, they rob their employers."

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The Supreme Court of Missouri, declaring unconstitutional an amendment to the law of that State to the effect of the amendment adopted by the Parliament of Canada in 1910, said :

"If such legislation could be sanctioned, then it would be an easy legislative task to provide for the punishment of robbery, murder and arson with a proviso that nothing in the Act should be so construed as to prohibit or make it unlawful to rob, burn or murder within the enclosure of a regular race-course."

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As against the foregoing considerations, the country and Parliament will give due weight to the representations of the Jockey Clubs. Those representations as made to Parliament in 1910, in a printed argument of 51 pages, signed by five of the counsel who appeared for them before the Special Committee, summarized, were as follows :

1. "It is impracticable and cannot be effectively enforced."
  2. "It will deprive the Jockey Clubs of the revenue derived from the sale of bookmaking privileges."
  3. "It will have the effect of putting an end to many of the very numerous trotting meets."
  4. "It will tend to increase the real evil of hand book and pool room betting."
  5. "It will destroy the opportunity of making Canada one of the important cavalry horse-breeding units of the Empire."
  6. "It is of a highly experimental character."
- And finally they said : "It cannot be honestly contended for a moment that the principal Jockey Clubs are conducted for the purpose of individual gain by shareholders of these institutions."